

Department of Administration

# Finance Division

## Mission

The Finance Division provides financial management of the resources of the State through implementation of improved financial and budgetary accounting information systems, through the preparation of a Comprehensive Annual Financial Report (CAFR), and by requiring an annual independent audit of the State's financial records so that the financial resources of the State are more effectively utilized.

## Operations

### *Accounting Section*

- Provide payroll services for all divisions of the department.
- Provide accounting services that include: accounts payable, procurement, cost accounting, billing, budgetary reporting, schedule preparation, and budgetary and accounting consulting for all divisions in the department except Public Defender Services, Public Employees Insurance Agency, Board of Risk and Insurance Management, Education and State Employees Grievance Board, Children's Health Insurance Agency, and Consolidated Pension and Retirement Boards.
- Prepare the generally accepted accounting principles (GAAP) financial statements for and participate in the internal and external audit of internal service funds.
- Provide transaction processing services for agencies that do not use WVFIMS on-line.
- Provide report writing technical assistance, and prepare reports for agencies on a statewide basis.

### *Financial Accounting and Reporting Section (FARS)*

- Maintain the centralized statewide accounting system—WVFIMS.
- Maintain controls over the official state accounts payable vendor file and coordination of statewide issuance of Internal Revenue Service (IRS) Form 1099.
- Maintain the official chart of accounts for the State.
- Establish statewide accounting policies and procedures.
- Establish and maintain adequate internal accounting controls.
- Issue a comprehensive annual financial report in accordance with GAAP.
- Coordinate the audit of the general purpose financial statements and single audit of the State.
- Require certain component units (such as the Workers' Compensation Fund, the Public Employees Insurance Agency, and others) to prepare annual financial statements in accordance with GAAP and to have annual independent audits by outside certified public accountants.

*Finance Division*  
**Expenditures**

	<b>TOTAL FTE POSITIONS 11/30/2005</b>	<b>ACTUALS FY 2005</b>	<b>BUDGETED FY 2006</b>	<b>REQUESTED FY 2007</b>	<b>GOVERNOR'S RECOMMENDATION</b>
<b>EXPENDITURE BY PROGRAM</b>					
Accounting Section	1.30	\$257,765	\$275,488	\$275,488	
FARS - Comprehensive Annual Financial Report & WVFIMS	8.60	790,356	1,211,349	908,039	
Single Audit	6.75	1,280,426	1,437,151	1,432,631	
Less: Reappropriated		(43,811)	(298,570)	0	
<b>TOTAL BY PROGRAM</b>	<b>16.65</b>	<b>2,284,736</b>	<b>2,625,418</b>	<b>2,616,158</b>	<b>2,623,268</b>
<b>EXPENDITURE BY FUND</b>					
<b>General Fund</b>					
FTE Positions		9.58	9.90	9.90	9.90
Total Personal Services		393,054	524,670	520,248	527,358
Employee Benefits		112,858	152,417	152,464	152,464
Other Expenses		542,210	809,750	510,815	510,815
Less: Reappropriated		(43,811)	(298,570)	0	0
<b>Subtotal: General Fund</b>		<b>1,004,311</b>	<b>1,188,267</b>	<b>1,183,527</b>	<b>1,190,637</b>
<b>Federal Fund</b>					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		0	0	0	0
<b>Subtotal: Federal Fund</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Appropriated Special Fund</b>					
FTE Positions		0.00	0.00	0.00	0.00
Total Personal Services		0	0	0	0
Employee Benefits		0	0	0	0
Other Expenses		0	0	0	0
Less: Reappropriated		0	0	0	0
<b>Subtotal: Appropriated Special Fund</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Nonappropriated Special Fund</b>					
FTE Positions		6.75	6.75	6.75	6.75
Total Personal Services		230,089	322,301	318,664	318,664
Employee Benefits		62,700	100,583	99,922	99,922
Other Expenses		987,636	1,014,267	1,014,045	1,014,045
<b>Subtotal: Nonappropriated Special Fund</b>		<b>1,280,425</b>	<b>1,437,151</b>	<b>1,432,631</b>	<b>1,432,631</b>
<b>TOTAL FTE POSITIONS BY FUND</b>	<b>16.65</b>	<b>16.65</b>	<b>16.65</b>	<b>16.65</b>	<b>16.65</b>
<b>TOTAL EXPENDITURES BY FUND</b>		<b>\$2,284,736</b>	<b>\$2,625,418</b>	<b>\$2,616,158</b>	<b>\$2,623,268</b>

Finance Division  
**Programs**

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## **Accounting Section**

### **Mission**

The Accounting Section provides centralized accounting, budgetary and other services for the Department of Administration to ensure compliance with GAAP and state and federal rules and regulations.

### **Goals/Objectives**

- Eliminate the mailing and handling of paper invoices by developing and implementing a paperless billing process by the end of FY 2007.
- Improve the process of archiving files and records, thus reducing the division's cost of storage.
- Obtain and maintain an accounts receivable collection rate of 95%.
- Review and update, by the end of FY 2006, written policies and procedures documenting job duties and responsibilities.

### **Performance Measures**

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Accounts receivable collection rate	91%	90%	95%	88%	90%	92%
Rejection rate of transactions sent to State Auditor's Office	2%	3%	3%	3%	2%	2%
Rejection rate of WV-11s	6%	11%	3%	10%	7%	5%

\* Beginning FY 2004, individual agencies in the Department of Administration were responsible for WV-11 submissions rather than the Finance Division.

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## **FARS—Comprehensive Annual Financial Report**

### **Mission**

The mission of the Comprehensive Annual Financial Report (CAFR) program is to produce the CAFR for the citizens, decision-makers, and other interested parties and to provide valid financial information to allow for sound financial decision-making.

### **Goals/Objectives**

**Produce a complete, comprehensive, consistent, audited annual financial report, as well as provide proper accounting controls that are integral to fiscal management.**

- Produce the FY 2005 CAFR that meets the criteria of the Government Finance Officers Association and provides improved reporting of the State's annual financial report.
- Complete and submit the CAFR document by December 31 each year (six months after the close of the State's fiscal year).
- Produce a CAFR that has an unqualified opinion from the independent auditors.
- Implement internal control recommendations from independent auditors.

### **Performance Measures**

- ✓ FARS has earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for nine consecutive years for the State of West Virginia's CAFR (FY 1995 through FY 2003).

## Finance Division Programs

(Performance Measures continued)

	Submission Date
FY 2002 CAFR	2/28/03
FY 2003 CAFR	2/28/04
FY 2004 CAFR	2/28/05
(FY 2004 CAFR restated and reissued)	8/31/05

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## FARS—WVFIMS

### Mission

The mission of the WVFIMS is to provide accounting and technical services and oversight for the centralized accounting system for state agencies, vendors, decision-makers, and other interested parties in order to provide system functionality per their requests; to assist with the CAFR production; and to ensure the validity of the financial information.

### Goals/Objectives

- Revise 148 training materials and present on the division's Web site by the end of FY 2007.
- Create by December 31, 2006, an informational database user group to recommend suggestions for possible implementation.
- Web-enable WVFIMS beginning with the purchasing card module by the end of FY 2006, with additional module implementation to come.
- Coordinate issuance of WVFIMS agency IRS Form 1099 for 100% of state agencies by FY 2007.
- Receive zero noncompliance fines for IRS Form 1099 from the Internal Revenue Service.

### Performance Measures

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Training materials revised and placed on Web site	2%	2%	N/A	6%	75%	100%
Agencies using WVFIMS 1099 module	98%	98%	98%	98%	98%	100%
Noncompliance fines received for IRS Form 1099	0	0	0	0	0	0

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## Single Audit

### Mission

The Single Audit includes procuring, coordinating, and finalizing the single audit report and preparing the statewide cost allocation plan for submission to the federal government and state agencies to ensure compliance with federal rules and regulations.

### Goals/Objectives

Comply with the federal Single Audit Act of 1996, U.S. Office of Management and Budget (OMB) circular A-133.

- Procure audit services from an independent certified public accounting firm for all funds received and disbursed by the State, including federal awards.
- Ensure the audit is conducted in accordance with General Accounting Office yellow book guidelines.
- Reduce the findings in the single audit report to 50 or less in FY 2006.
- Coordinate the State's resolution of audit findings in response to federal government requests.

## Finance Division Programs

**Publish and submit each year the single audit package to the Federal Audit Clearinghouse by March 31 (nine months after the close of the State's fiscal year).**

The single audit package includes:

- \* Auditors' reports
- \* Schedule of Expenditures of Federal Awards (SEFA)
- \* Findings and questioned costs
- \* Corrective action plan
- \* Summary schedule of prior year audit findings

**Comply with the federal OMB circular A-87.**

- Develop and submit each year the statewide cost allocation plan to the federal government by December 31 (six months after the close of the State's fiscal year).
- Provide information to state agencies for inclusion in departmental cost allocation plans.

## Performance Measures

### Issuance or Submission Date

FY 2002 single audit	3/29/03
FY 2003 single audit	3/31/04
FY 2004 single audit	3/31/05
FY 2002 statewide cost allocation plan	3/29/03
FY 2003 statewide cost allocation plan	6/30/04
FY 2004 statewide cost allocation plan	N/A

<u>Fiscal Year</u>	<u>Actual</u> <u>2003</u>	<u>Actual</u> <u>2004</u>	<u>Estimated</u> <u>2005</u>	<u>Actual</u> <u>2005</u>	<u>Estimated</u> <u>2006</u>	<u>Estimated</u> <u>2007</u>
Findings in the statewide single audit report	76	72	50	N/A	50	50